United States Court of Appeals
FOR THE NINTH CIRCUIT

No. 80-3467

D.C. No. CV 78-1219

AMFAC FOODS, INC.,
Plaintiff-Appellee,

-vs-

ORE-IDA FOODS, INC.,
Defendant-Appellant.

MEMORANDUM

Appeal from the United States District Court
for the District of Idaho
Marion J. Callister, District Judge, Presiding
Argued and Submitted January 5, 1982

(Filed: April 2, 1982)

BEFORE: BROWNING, Chief Judge, and WALLACE and BOOCHEVER, Circuit Judges.

Ore-Ida Foods, Inc. (Ore-Ida), appeals from the district court's judgment holding that its "Box Cutter" infringes several claims of two patents formerly held by Amfac Foods, Inc. (Amfac). The district court granted injunctive relief and ordered an accounting as to monetary damages. We reverse and remand with instructions to dismiss the complaint with prejudice.

The patents at issue, originally secured by Amfac's predecessor-in-interest in 1964, have now expired. We therefore address only the issue of infringement. The principles we apply are well-established. Although infringement is generally a question of fact, where, as here, the facts are not in dispute, both the question of infringement and the question of the scope

of the patent claims are freely reviewable questions of law. *Hanson v. Colliver*, 282 F.2d 66, 69 (9th Cir. 1960); *Del Francia v. Stanthony Corp.*, 278 F.2d 745, 747, 748 n.5 (9th Cir. 1960). Infringement requires that there be a "substantial identity of function, means and result" between the patented device and the allegedly infringing device. *Del Mar Engineering Labs. v. Physio-Tronics, Inc.*, 642 F.2d 1167, 1174 (9th Cir. 1978); 7 Deller's Walker on Patents § 510 at 171-72 (2d ed. 1972). In a "combination patent," as in this case, the omission of one element or ingredient of the combination covered by a claim of the patent averts a charge of infringement based upon that claim. *Id.* § 543 at 324-26.

The claims of a patent measure the monopoly granted to the inventor; the scope of a patent can never be greater than the invention disclosed to the public in the claims. The specification and drawings must be looked to in order to properly construe the claims, and may limit the claims so as to demonstrate that the accused device does not infringe as a matter of law. *Del Francia v. Stanthony Corp., supra; see also Del Mar Engineering Labs., supra*, 642 F.2d at 1172; *Photo Electronics Corp. v. England*, 581 F.2d 772, 776 (9th Cir. 1978). Although an infringing device need not necessarily fall within the literal language of the claims, infringement will be found only when the accused device performs substantially the same function in substantially the same way to obtain substantially the same result as the patented device or its equivalents. *Nelson v. Batson*, 322 F.2d 132, 134-35 (9th Cir. 1963).

The district court held that Ore-Ida's Box Cutter infringed claims Nos. 1, 2 and 4 of Amfac's "method" patent No. 3,116,772. There is no infringement of the literal language of these claims because each specifies, in almost identical form, that the method includes "separating said center cuts from said outside cuts and separately discharging the center and outside cuts, recovering said medium and said separated cuts . . . ." The Box Cutter does not separately discharge center cuts and outside cuts. Even if the Box Cutter fell within the language of these claims, there would be no infringement. "Method" claims must be construed narrowly in light of the disclosure. *See Del Francia v. Stanthony Corp., supra*, 278 F.2d at 748. The

disclosure in this case unequivocally shows the desired result of automatic separation of long, uniform center cut strips from outside cut "slabs". A major objective of the patented method is to eliminate the need for manual supervision of the grading process. Therefore, because the Box Cutter utilizes a manual grading process separate from the cutting process, it does not produce substantially the same result through substantially the same means as does the Amfac device.

The district court held that the Box Cutter infringed claims Nos. 8 and 24 of Amfac's "apparatus" patent No. 3,109,468. Claim 8 includes a "positioning means comprising at least one pair of opposed shoes resiliently mounted ... and means to adjustably center said opening." Although the district court found that Ore-Ida's guide plates "tend" to align and center the potatoes, it did not find the crucial element that Ore-Ida's device uses resiliently mounted shoes that can be adjustably centered. Thus, the Ore-Ida Box Cutter does not infringe the literal language of claim No. 8. Moreover, this claim must, as must the other claims, be construed in light of the specification. It is evident in the description of the invention that the purpose of these positioning shoes is to so align the potato as to maximize the number of center cut "strips" and minimize the number of exterior "slabs" which must be discarded or used in less profitable mashed potato operations. Therefore, while Ore-Ida's guide plates may perform substantially the same function as Amfac's resiliently mounted positioning shoes, they do not do so by substantially the same means, nor do they produce substantially the same result. Therefore, the Ore-Ida Box Cutter does not infringe claim No. 8 or its equivalents.

Claim No. 24 describes the shape and arrangement of cutting blades in the Amfac device. Although it is rather technical, the gist of this claim is that the inner surfaces of the cutting blades are parallel with the axis of the potato, while the outer surfaces of the blades diverge outward. The purpose of this blade arrangement, as described in the specification, is to enhance the ability to separate center cut strips from outside cut

"slabs," which are forced by the shape and position of the blades into a separate discharge area.

> [T]he knives in each instance are triangularly formed at the cutting edges with an angle from about 7° to about 10°. In each case these blades are *positioned in critical fashion:* the sides of the blade toward the center in each instance is parallel to the center line of the cutting device or coaxial with the direction of the cut. Such an arrangement renders possible the simultaneous separation of the slabs from the evenly formed cross section to be french fried. In operation, there is complete absence of so-called slivers and short and non-uniform lengths.

(Emphasis added). Ore-Ida's cutting head does not infringe the literal language of this claim. As the district court found, "[t]he blades are beveled on only one side to form a cutting edge .... The beveling of the outer faces of the blades provides relief from compression of the potato passing through the blades." Thus, the district court did not find that the outer face of the Ore-Ida blades slant outwardly, but rather found only that the cutting edge of the blade itself is beveled. This is different on its face from the literal language of claim No. 24. Moreover, properly construing this claim in light of the specification, it is clear that Ore-Ida's blades are not positioned in the same "critical fashion" as are the Amfac blades. The Ore-Ida blades, because they do not achieve the result of separating center cut "strips" from outer cut "slabs," do not achieve substantially the same result as the Amfac blades. Therefore, the Ore-Ida Box Cutter does not infringe claim No. 24 or its equivalents.

Amfac makes several arguments against reversal, none of which has merit. First, it maintains that infringement is a finding of fact which can be set aside by this court only if clearly erroneous. As explained previously, however, the question of the scope of the claims is a question of law, and infringement in this case is also a question of law because the facts are not in dispute. Second, Amfac insists that "[t]he claims, not the specification, define the invention." It is well-established, how-

ever, that claims must be read in light of the specification and, as in *Del Francia v. Stanthony Corp., supra,* maybe so limited by the specification that the allegedly infringing device does not infringe as a matter of law. Third, Amfac urges upon us the so-called doctrine of "claim differentiation." However, in combination patents as this one, it is clear that every single element in a claim is conclusively presumed to be material. Thus, because in each instance there is an element in each claim for which there is no corresponding element in the Ore-Ida Box Cutter, there is no infringement.

The Ore-Ida Box Cutter does not, as a matter of law, infringe any of the claims at issue in the Amfac "method" or "apparatus" patents. We therefore reverse the judgment of the district court, vacate the injunction, and remand the case to the district court with instructions to dismiss the complaint with prejudice.

REVERSED AND REMANDED.

APPENDIX B

FINDINGS OF FACT AND CONCLUSIONS OF LAW OF THE DISTRICT COURT

IN THE
United States District Court
FOR THE DISTRICT OF IDAHO

Civil No. 78-1219

AMFAC FOODS, INC., a corporation,
Plaintiff,

-vs-

ORE-IDA FOODS, INC., a corporation,
Defendant.

FINDINGS OF FACT AND CONCLUSIONS OF LAW

(Filed: October 24, 1980)

This cause came on for trial before the Court, sitting without a jury, from April 7 through April 18, 1980. By agreement of counsel the trial addressed only the question of liability, i.e., the alleged patent infringement by Ore-Ida Foods, Inc., defendant, of two Amfac Foods, Inc., plaintiff, patents; and the alleged liability of Amfac Foods, Inc., brought by counterclaimant, Ore-Ida Foods, Inc., for infringement of a patent they hold. Oral and documentary evidence was taken, with closing argument being submitted by post-trial briefs. Proposed Findings of Fact and Conclusions of Law were also submitted. With the briefs and proposals having been properly filed and examined, the Court does hereby find the facts and state separately its conclusions of law as follows:

FINDINGS OF FACT

Parties:

1. Plaintiff, Amfac Foods, Inc., (Amfac) is a corporation incorporated under the laws of the State of Delaware, having its

principal place of business in Portland, Oregon. The division of Amfac Foods engaged in the processing of potatoes is known as "Lamb-Weston," and, where appropriate, that name will be used herein.

2. Defendant, Ore-Ida Foods, Inc., (Ore-Ida) is a corporation incorporated under the laws of the State of Delaware, having its principal place of business in Boise, Idaho.

3. Plaintiff's cause of action arises under the patent laws of the United States, 28 U.S.C. § 1338, for patent infringement of U.S. Patent Nos. 3,109,468 and 3,116,772. Ore-Ida has counterclaimed for declaration of invalidity and non-infringement of these patents under the authority of 28 U.S.C. § 2201 and 28 U.S.C. § 1338.

4. Ore-Ida's counterclaim also alleges a patent infringement by Amfac of U.S. Patent No. 4,135,002 under the patent laws of the United States, 28 U.S.C. § 1338. Amfac responded by seeking a declaration of patent invalidity and non-infringement of the Ore-Ida patent under 28 U.S.C. § 2201 and 28 U.S.C. § 1338.

5. In Amfac's action the patents in issue are: Patent No. 3,109,468 ('468), issued November 5, 1963, upon application, Serial No. 91,444, filed on February 24, 1961. Patent No. 3,116,772 ('772) was issued on January 7, 1964, upon an application which was a division of Serial No. 91,444. Plaintiff is a successor in interest and owner of said patents.

6. In defendant's counterclaim the patent in issue is Patent No. 4,135,002 ('002), issued January 16, 1979, upon application Appl. No. 826,379, filed on August 22, 1977.

7. Venue resides in this judicial district under 28 U.S.C. § 1400.

Background:

8. The center of controversy in this case involves an apparatus for and methods of processing potatoes into French fry strips which are then treated and frozen. These frozen French fries have a wide market including direct sales to consumers through grocers, as well as sales to food services

including restaurant trades, fast-food outlets and institutional sales. Each of the different sales area have different requirements concerning the percentage of optimum length cuts.

9. In the French fry industry, long, uniform potato strips command a premium market price. Manufacturers have worked continuously to produce cutting equipment which would maximize the number of long premium cuts and reduce the amount of short strips cut from the potato as well as minimize distortion and damage to the potato. French fry processors also recognize that cross-sectional uniformity of the cuts is important in producing premium potato strips.

10. The Russett-Burbank potato, utilized for protection of frozen French fry potatoes, is classically oval in cross-section and elongated in shape. A substantial portion of such potatoes, however, come in many different shapes and variations.

11. It has been generally recognized in the potato processing industry that to maximize the production of long strips, taking into consideration the basic shape of the potato, the strips should be cut from the potatoes' longest, or longitudinal axis.

12. As of 1960 there were basically two kinds of potato strip cutters: manual, restaurant cutters, and mechanical, commercial cutters. The first type of cutter was labor intensive and not adaptable to commercial use. Of the second type only the Urschel GRL met with significant commercial success in producing long strips from the potatoes. The Urschel utilizes a rotating drum with impeller blades located within the drum. The potatoes are fed into the drum where centrifugal force and the impellers force the potatoes against the outer portion of the drum. The potatoes pass over a slabbing knife where a slice is removed. The slice is then cut into strips by passing through a series of rotating disc blades. The main drawback to the Urschels is that the potato could not consistently be presented for slicing on the long axis nor could the slices be taken uniformly due to movement and realignment of the potato, thus resulting in an infinite variety of shapes and sizes of strips being produced. These problems of alignment in the Urschels created

a large amount of short pieces, chips and slivers not usable as French fries.

13. There was a long-felt need in the industry for a process which would maximize the percentage of long, uniform cuts and minimize unusable product.

Amfac's Apparatus—Background:

14. In the early 1960's Lamb-Weston began working on a system which would overcome the limitations of the Urschel cutter. The system that was eventually developed used a water medium to carry potatoes through a grid of knives which cuts the whole potato at once. The machine was called a "Lamb gun," "Lamb-Weston water gun," or "water-gun knife."

15. The Amfac "water gun knife" ultimately consisted of a Cornell food pump which pumped under pressure a fluid consisting of water and peeled potatoes into a closed water-tight system. The water and potatoes are pumped under pressure into an accelerating tube which is in the form of a long tapered tube. As the water and potatoes pass into the tube they are accelerated and, in the process, separated. The potatoes then pass into an alignment mechanism which consists of a pair of guide shoes which orient the potatoes lengthwise in the pipeline and hold them in that position as they enter the cutting knives. The knife assembly, in its preferred embodiment, slabs off the outer sides of the potato leaving a squared center section that is in turn cut into strips. The center strips are directed down one collection pipe and the outer sections are diverted down another channel. The product is then sent into a decelerator and then proceeds to the dewatering screen.

16. The Amfac "water gun knife" proved to be more than significantly faster than previously relied upon mechanical cutters, and they were able to process a substantially larger quantity of potatoes. The Amfac process also increased the percentage of usable long uniform potato strips produced from a potato.

17. The "water gun knife" was installed in a commercial production line in American Falls, Idaho, in 1961, and met with immediate commercial success.

Ore-Ida's Apparatus—Background:

18. Ore-Ida is a company that has been long established in the frozen French fried potato industry. Up until the early 1970's Ore-Ida relied mainly on mechanical cutters, and then essentially Urschel machines, to produce its French fry strips.

19. In about 1972 Ore-Ida began investigating improved methods for cutting potatoes. As part of its investigation Ore-Ida made inquiries as to the possibility of obtaining a license under some of the existing prior art patents. One license in particular that Ore-Ida sought was from Amfac Foods, Inc., for use of its "water gun knife." Amfac refused them the license.

20. Concurrently, Ore-Ida began an independent development project to design a cutter which would increase the amount of usable, prime product. After experimenting with a variety of mechanical cutters, Ore-Ida decided to concentrate on its "Box Cutter."

21. The Ore-Ida "Box Cutter" was essentially a device which hydraulically conveyed potatoes through a knife assembly which created potato strips which were processed and sold as French fries.

22. The "Box Cutter" consisted of a food pump fed by a holding tank which contained water and peeled potatoes. The water and potatoes are pumped under pressure into a fluid tight accelerating tube which is in the form of a long tapered tube. The purpose of the acceleration tube is to accelerate and separate the potatoes. Within the acceleration tube are mounted four long flat plats which tend to align and center the potatoes as they enter the cutter assembly. The potato is cut all at once, and the potato strips then pass to a decelerator and a dewatering station. Then the potato strips are mechanically graded and sized.

23. By November of 1976, Ore-Ida had completed and installed commercial box cutter systems in their Burley and Greenville facilities.

The Amfac Patents:

A. *U.S. Patent No. 3,116,772—"Method for Slicing Vegetables"*

24. Application Serial No. 91,444 was filed in the Patent Office by Lamb and Davidson on February 21, 1961. As originally filed, this application contained both apparatus and method claims. Following a requirement for restriction between the apparatus and method claims, the method claims were cancelled, and a divisional application Serial No. 154,094 containing the method claims was filed on November 7, 1969 (Ex. 1 & 100). Both applications thus had the same disclosure and same effective filing date, February 24, 1961. Application Serial No. 91,444 was issued as Patent No. 3,109,468 on November 5, 1963 (Ex. 2) and application Serial No. 154,094 issued as Patent No. 3,116,772 on January 7, 1964 (Ex. 1).

25. The claims at issue in the Amfac method patent '772 are claims 1, 2, and 4.

26. Claim 1 of the '772 patent reads as follows:

> A method for the cutting of a vegetable food product into predetermined sizes comprising feeding a plurality of said products into a zone containing a fluid medium, discharging said medium under pressure together with said products to a zone of gradually decreasing diameter to separate said products one from the other and to accelerate the movement of said products to effective cutting speed, individually and sequentially feeding said separated products into a cutting zone and cutting said products into center and outside cuts in said cutting zone, separating said center cuts from said outside cuts and separately discharging the center and outside cuts, recovering said medium from said separated cuts and recycling said medium to said fluid medium containing zone.

27. Claim 2 of the '772 patent reads as follows:

> A method for the cutting of vegetable food products into predetermined sizes comprising feeding said

products into a zone containing a fluid medium, discharging said medium under pressure while carrying said products to a zone of gradually decreasing diameter to separate said products one from the other and to accelerate the movement of said products to effective cutting speed, sequentially feeding individual of said separated products into a positioning and aligning zone prior to cutting thereof, discharging the aligned products into a cutting zone and cutting said products into center and outside cuts in said cutting zone, separating said center and outside cuts, recovering said medium from said separated cuts and recycling said medium to said fluid medium containing zone.

28. Claim 4 of the '772 patent reads as follows:

In a method for the cutting of a vegetable food product, the sequential and continuous steps of feeding a plurality of said products into a zone containing a fluid medium, propelling said medium under pressure together with said products at a cutting speed to a zone of gradually decreasing diameter to longitudinally space the adjacent of said products from each other and to accelerate the movement of said products to effective cutting speed, feeding said spaced products into a product positioning zone to position each of the spaced products centrally and longitudinally of the line of travel of said medium for aligned cutting feed, feeding said aligned products to a cutting zone and cutting said products into a plurality of center and outside cuts in said cutting zone, separating said center cuts from said outside cuts and separately discharging the same, recovering said medium from said separated cuts and recycling said medium to said fluid medium containing zone.

29. The '772 patent and its claims were carefully examined by the patent office examiner before the patent was issued. Accordingly, a presumption of validity attaches to this patent.

30. The validity of the '772 patent was litigated and found valid in the case *Amfac Foods, Inc., v. J.R. Simplot Company*, Civil No. 1-76-135 (D. Idaho) and accordingly, under principles of comity, a presumption of validity attaches.

31. While the invention disclosed in the four methods claims is generally a combination of known devices and techniques, new and unexpected results were produced which fulfilled certain needs of the French fry industry.

32. Ore-Ida has failed to establish that the claims of the '772 patent are invalid for obviousness.

B. *U.S. Patent No. 3,109,468—"Vegetable Slicing Apparatus"*

33. The claims at issue in the Amfac apparatus patent '468 are claims 8 and 24.

34. Claim 8 of the '468 patent reads as follows:

> In a cutter device for potatoes having elongated axes, a cutter assembly having multiple cutter blades for cutting said potatoes, said blades being in different lateral planes, a fluid-tight cutter-positioner assembly casing, said blades being mounted in the outby end of said casing, means to feed said potatoes through said casing and said cutter blades at cutting speed including a fluid conduit, means to admit said potatoes and said fluid under pressure to said conduit whereby said potatoes are propelled by and with said fluid through said cutter assembly, positioning means in the inby end of said casing to position said products with said axes disposed in approximately the same longitudinal plane as said cutter blades, said positioning means comprising at least one pair of opposed shoes resiliently mounted to and on each side of said casing, said pair forming an opening complementary to the shape of said products, and means to adjustably center said opening.

35. Claim 24 of the '468 patent reads as follows:

> In a system for the cutting of vegetable products into sections, an hydraulic food pump, a product cutter, said pump being arranged to continuously and

sequentially feed said products through said product cutter at relatively high speed, said cutter comprising a plurality of cutter blades arranged in spaced relation with their cutting edges lying in planes normal to said axis, said cutter blades being arranged in two sets, the cutting edges in the one set being at right angles to the cutting edges in the other set, each of said sets being disposed symmetrically with respect to said axis, the outer faces of said blades being inclined outwardly with respect to said axis in the direction of product feed, and the inner faces of said blades being substantially parallel to said axis.

36. In reviewing the '468 patent and its claims, the Patent Office considered the pertinent prior art including the patents to Thomas No. 18,476, Mengel No. 606,291, Boos No. 690,512, Schroeder No. 1,337,968, Spartz No. 1,526,810, Chapman 1,908,220, Urschel Nos. 2,130,937 and 2,349,212, Bauer No. 2,223,542, Carroll Nos. 2,229,168 and 2,350,586, Thoresen No. 2,956,838 and Schmidt No. 842,420. The Patent Office's determination of patentability creates a presumption of validity.

37. The prior art relied on by Ore-Ida to invalidate the claims of the '468 patent was either before the Patent Office during the examination of the application, or is no more pertinent than the prior art considered by the Patent Office.

38. The validity of the '468 patent was litigated and found valid in the case *Amfac Foods, Inc., v. J.R. Simplot Company*, Civil No. 1-76-135 (D. Idaho), and accordingly, under principles of comity, a presumption of validity attaches.

39. Ore-Ida has failed to establish that the claims of the '772 patent are invalid for obviousness.

Infringement:

40. The Ore-Ida Box Cutter system employs a hopper which feeds a food pump. The food pump in turn feeds a conduit of decreasing cross-sections as it extends away from the pump.

41. The potatoes passing through the tapered conduit in the Ore-Ida system are generally singulated one from another as well as accelerated to cutting speed.

42. The Ore-Ida "box cutter" also has an alignment mechanism employing two sets of opposed plates biased by springs toward the center of the conduit just prior to the cutter assembly. The alignment plates move in and out conforming to the size of the potato passing through the mechanism. It both adjustably centers the opening leading to the cutter assembly and generally aligns the potatoes such that the long axis of the potato is substantially in the direction of the conduit.

43. The Ore-Ida "box cutter" system substantially embodies the apparatus described in claim 8 of the '468 patent. The "box cutter" performs substantially the same function, in substantially the same way, to obtain substantially the same results as the mechanism set forth in claim 8. Therefore, Ore-Ida's "box cutter" system infringes claim 8 of the '468 patent.

44. The Ore-Ida cutting head includes a plurality of cutter blades which are arranged so that there is a first set of mutually parallel blades and a second set of mutually parallel blades at 90° to the first set. The blades are beveled on only one side to form a cutting edge, and are staggard or arranged in a chevron formation such that the potato does not contact all of the blades at one time. The beveling of the outer faces of the blades provides relief from compression of the potato passing through the blades.

45. The arrangement of the blades and their cutting edges in the Ore-Ida cutter perform the same work in substantially the same way to accomplish the same results as the arrangement of the blades and their cutting edges recited in Claim 24 of the '468 patent.

46. The Ore-Ida box cutter system includes a group of mechanical graders and sorters to eliminate slivers and irregular pieces that result from cuts taken from the outside or outer surface of the potato. These sorting machines follow in the potato cutting line right after the product decelerator and dewatering screen.

47. The Ore-Ida box cutter substantially embodies Amfac's method patent as described and claimed in Claim Nos. 1, 2 and 4 of the '772 patent, and thereby attains the same kind of results as was contemplated by the Amfac patent.

48. The Ore-Ida box cutter uses the Amfac invention and infringes Claims 1, 2 and 4 of Patent No. 3,116,772.

Ore-Ida's Counterclaim:

49. By its counterclaim, Ore-Ida charged Amfac with infringing all four claims of the Hodges and Green Patent No. 4,135,022.

50. Patent No. 4,135,002 ('002) issued on an application filed on August 22, 1977, which application was a division of an application filed on November 29, 1976. The patent issued to Ore-Ida as the assignee of Hodges and Green.

51. The Patent Office's issuance of a patent creates a presumption of patentability in favor of the patent.

52. The four claims of the '002 patent essentially require that the potatoes be conditioned, prior to hydraulic cutting, by heating them within the range of substantially 130° to 145° F. for a period of time sufficient to heat the potatoes entirely throughout to a corresponding temperature.

53. The '002 patent discloses that the potato core temperature of 130° to 145° F. is critical in achieving the unexpected results anticipated by the pretreatment method.

54. The temperature reached by the center of a potato is a function of the size of the potato, the temperature of the water in which it is placed, and its retention time in the water.

55. Heat pretreatment of potatoes prior to cutting and process has long been recognized as beneficial in the potato processing industry; and the evidence establishes that Amfac had been experimenting with an economically feasible pretreatment procedure as early as 1971.

56. Ore-Ida's charge that Amfac did not recognize the critical nature of the 130° to 145° F. range until after the issuance of their patent is not sustained by the evidence. In fact

the evidence establishes that Ore-Ida does not consider the 130° to 145° F. range as critical in its own cutting process, nor do they find it financially feasible to pretreat all of their potatoes in accordance with their patent.

57. Ore-Ida has failed to carry its burden of establishing an infringement of the '002 patent by Amfac.

58. While Amfac contends that the '002 patent is invalid because it was procured by fraud on the Patent Office, or in the alternative, because certain prior art was not considered by the Patent Examiner during the prosecution of the patent application, the question of invalidity of the '002 patent on the above-mentioned grounds need not be considered at this time.

CONCLUSIONS OF LAW

From the foregoing facts found, the Court concludes as a matter of law the following:

1. The Court has jurisdiction over the subject matter and the parties.

2. The Amfac patents and claims in suit, Nos. 3,116,772 (Claims 1, 2, and 4) and 3,109,468 (Claims 8 and 24) are presumed to be valid, and that presumption has not been overcome.

3. The subject matter claimed in the Amfac patents was not obvious to one of ordinary skill in the art at the time the inventions were made. In reaching this conclusion, the Court applied the test and made the determinations prescribed in *Graham v. John Deere Co.*, 383 U.S. 1.

4. Patent No. 3,116,772 and Patent No. 3,109,468 are valid.

5. Claims 1, 2 and 4 of Amfac's '772 method patent are valid and nonobvious. In reaching this conclusion, the Court determined the scope and content of the prior art with relation to the claims in issue. The Court considered the foreign German patent, Schmidt, No. 842,420, and what was clearly disclosed therein.

6. Ore-Ida's "box cutter" substantially corresponds to the mechanism described in Claims 1, 2, and 4 of Amfac's '772 method patent.

7. Ore-Ida infringes Claims 1, 2 and 4 of Amfac's method Patent No. 3,116,772.

8. Ore-Ida's "box cutter" employs a cutter which corresponds to, or is the equivalent of, the cutter described in Claim 24 of Amfac's '468 apparatus patent.

9. Ore-Ida infringes Claim 24 of Amfac's apparatus Patent No. 3,109,468.

10. Ore-Ida's "box cutter" employs an apparatus which corresponds to, or is the equivalent of, the mechanism described in Claim 8 of Amfac's '468 apparatus patent.

11. Ore-Ida infringes Claim 8 of Amfac's apparatus Patent No. 3,109,468.

12. Amfac is entitled to an accounting to determine its damages from Ore-Ida's infringement.

13. Amfac is entitled to protection from continued infringement by Ore-Ida by way of an injunction or other appropriate relief.

14. Amfac is entitled to have Ore-Ida's counterclaim for declaratory relief dismissed.

15. Ore-Ida's infringement was not willfull nor deliberate, but their development and use of the "box cutter" system was based on the good faith belief that they did not infringe upon Amfac's patents, thus this is not an exceptional case under 35 U.S.C. § 284. Plaintiff is also not entitled to an award of attorney's fees under 35 U.S.C. § 285.

16. In Ore-Ida's counterclaim suit for Amfac's infringement of Ore-Ida's Patent No. 4,035,002, Claims 1 through 4 of the '002 patent are not infringed by Amfac.

17. Amfac is entitled to have the counterclaim suit of Ore-Ida's, based on the '002, dismissed.

18. Ore-Ida's counterclaim based on the '002 patent was brought in good faith, thus the counterclaim does not represent an exceptional case entitling Amfac to attorney's fees under 35 U.S.C. § 285.

19. Amfac is entitled to their costs in pursuing their complaint and defending the counterclaim.

DATED this 23rd day of October, 1980.

/s/ MARION J. CALLISTER

Marion J. Callister
United States District Judge

APPENDIX C

ORDER OF THE DISTRICT COURT

IN THE

United States District Court

FOR THE DISTRICT OF IDAHO

Civil No. 78-1219

AMFAC FOODS, INC., a corporation,
Plaintiff,

-vs-

ORE-IDA FOODS, INC., a corporation,
Defendant.

ORDER

(Filed: October 24, 1980)

This matter was tried before the Court, sitting without a jury, from April 7 through April 18, 1980. Evidence was received, argument had, and the case submitted on only the question of liability. The Court entered formal Findings of Fact and Conclusions of law favorable to the plaintiff.

NOW, THEREFORE, IT IS ORDERED, ADJUDGED AND DECREED that liability for patent infringement be found against the defendant.

IT IS FURTHER ORDERED that defendant's suit for counterclaim be, and the same is hereby, DISMISSED.

DATED this 23rd day of October, 1980.

/s/ MARION J. CALLISTER

Marion J. Callister
United States District Judge

APPENDIX D

JUDGMENT OF THE COURT OF APPEALS

United States Court of Appeals
FOR THE NINTH CIRCUIT

No. 80-3467

DC CV 78-1219 MJC

AMFAC FOODS, INC.,
Plaintiff-Appellee,

vs.

ORE-IDA FOODS, INC.,
Defendant-Appellant.

APPEAL from the United States District Court for the _____ District of Idaho (Boise).

THIS CAUSE came on to be heard on the Transcript of the Record from the United States District Court for the _____ District of Idaho (Boise) _____ _____ _____ and was duly submitted.

ON CONSIDERATION WHEREOF, It is now here ordered and adjudged by this Court, that the _____ judgment of the said District Court in this Cause be, and hereby is reversed and remanded.

Filed and entered April 2, 1982

APPENDIX E

ORDER DENYING PETITION FOR REHEARING

United States Court of Appeals
FOR THE NINTH CIRCUIT

No. 80-3467

D.C. No. CV 78-1219

AMFAC FOODS, INC.,
Plaintiff-Appellee,

-vs-

ORE-IDA FOODS, INC.,
Defendant-Appellant.

Appeal from the United States District Court for the District of Idaho

Before: BROWNING, Chief Judge, and WALLACE and BOOCHEVER, Circuit Judges,

ORDER

(Filed: June 17, 1982)

The panel as constituted above has voted to deny the petition for rehearing and to reject the suggestion for rehearing en banc.

The full court has been advised of the suggestion for rehearing en banc, and no judge of the court has requested a vote on the suggestion for rehearing en banc. Fed. R. App. P. 35(b).

The petition for rehearing is denied and the suggestion for rehearing en banc is rejected.

APPENDIX F

LIST OF PARENTS, SUBSIDIARIES, AND AFFILIATES OF PETITIONER

Amfac Foods, Inc., petitioner, is a wholly-owned subsidiary of Amfac, Inc. Petitioner has four subsidiaries, all of which are wholly owned.

The following is a list of less than wholly-owned subsidiaries of Amfac, Inc.:

Compania Agricola la Franquia S.A.
Compania Agricola e Industrial del Norte S.A.

The following is a list of companies affiliated with Amfac, Inc. or one of its subsidiaries:

Amfac Foundation
Bay and River Navigation Company
California and Hawaiian Sugar Company
Esperance International Pty. Limited

The following is a list of partnerships or joint ventures in which Amfac, Inc. or one of its subsidiaries is involved:

ADC/CJA Joint Venture
Center Properties
Central Hawaiian
Central-Trousdale
Combustion Engineering/Amfac
Cooke-Amfac Joint Venture
Dole-Alexander Venture
Esperance Land & Development Company
Farmer Jack's Nursery
Farmer Jack's Nursery Land Co., Ltd.
1415 Victoria Joint Venture (Townhouse)
Fullerton East Investors
Robert B. Goodman Associates
Hawaii Leasing
Kaonohi Ridge Partners
Kihei Beach Joint Venture
Kinau Street Joint Venture
Moiliili Venture
Pearl Harbor Heights Developers
Puna Geothermal Venture
Pyramid Ranch Company
Rosie G.

Santa Fe Investors
Visitacion Associates
Waikiki Beachcomber
Waiohai Properties
Wildwood Mobile Country Club